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## IHS MARKIT GLOBAL ALUMINIUM USERS PMI™

### Aluminium users signal renewed rise in output

#### KEY FINDINGS

Slight increases in output and new orders

Supplier delays at lowest level in 2021

Input price inflation eases considerably

Global aluminium users reported that output and new orders had returned to expansion territory in December, after renewed contractions in November. That said, the rates of growth were only marginal, with demand conditions remaining subdued. As a result, the rate of job creation was unchanged from November's ten-month low and fractional. There was evidence that pressure on supply chains had continued to ease, which contributed to the softest rise in input prices since November 2020.

At 51.3 in December, the seasonally adjusted Global Aluminium Users Purchasing Managers Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions at manufacturers identified as heavy users of aluminium – eased slightly from 51.4 in November. Although the reading pointed to a further improvement in the health of the sector, the rate of expansion was the softest seen in the current 18-month sequence of growth. Asia noted a second consecutive sub-50.0 PMI reading, while the headline readings for the US and Europe rose slightly on the month.

Production levels recorded a renewed rise in December, the eighteenth in 19 months. That said, the upturn was only fractional overall. Aluminium users in Europe noted the sharpest expansion since July, while the US recorded a three-month high. By contrast, firms in Asia commented on a second successive fall in output.

#### Demand

Global aluminium users indicated a renewed increase in

Global Aluminium Users PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

new work following a slight fall in November. The pace of expansion was marginal and well below the average seen throughout 2021. Asia-based firms reported a reduction in sales for the second month running, though the decline was only fractional, while new orders at aluminium users in the US and Europe rose at slightly quicker rates. Improvements were often linked to increased confidence as material shortages and price rises eased.

#### Capacity

Despite workloads returning to growth in December, the rate of job creation was unchanged from November's ten month low and only fractional. Subdued new order intakes also contributed to a softer rise in backlogs of work, indicative of easing pressure on business capacity.

Latest data pointed to reduced pressure on suppliers, as the latest lengthening of delivery times was the slowest for 12 months. That said, the rate of deterioration was still marked, and contributed to the softest rise in purchasing activity in the current 18-month sequence of growth amid difficulty sourcing inputs. Concurrently, stocks of purchases fell fractionally, despite a record increase at European firms who noted significant building of safety stocks.

#### Prices

Rising raw material prices drove a further robust rise in cost burdens in December. That said, the rate of inflation eased to a 13-month low. At the same time, aluminium users increased their selling prices at the slowest rate since February.

## COMMENT

Usamah Bhatti, Economist at IHS Markit said:

*“Global aluminium users signalled a return to expansion mode for both output and incoming orders at the end of 2021. The headline PMI figure ticked down to the weakest in the 18-month sequence, but this was due to a slower lengthening of input lead times and a slight reduction in stocks. Regional data showed a second successive deterioration in overall operating conditions in Asia, whereas US and European-based firms saw a faster improvement in operating performance.”*

*“Companies often indicated that activity and demand had been hindered by ongoing material shortages and supply chain disruption, although there were signs that supply and price pressures were easing. It is likely that this trend will continue into 2022, and allow for only a gradual return to growth as supply chains take time to recover, which may dampen prospects for the months ahead.”*

## Global Aluminium Users PMI

Europe / USA / Asia

sa, >50 = improvement since previous month



Source: IHS Markit.

## CONTACT

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### Methodology

The Global Aluminium Users PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in manufacturers identified as heavy users of aluminium. The sample is selected from IHS Markit's global PMI survey panels, covering over 40 countries.

Survey responses are weighted by country, based on national aluminium consumption figures sourced from IHS Markit's Pricing & Purchasing Service. Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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